DELMICO MINES LIMITED | *Annual Report* YEAR ENDED DECEMBER 31, 1971

DELMICO MINES LIMITED

OFFICERS	S. A. PERRY	*President*
	G. D. PATTISON	*Vice-President*
	D. A. HUMBY	*Secretary*
DIRECTORS	S. A. PERRY	Toronto, Ontario
	G. D. PATTISON	Aurora, Ontario
	R. D. BELL	Toronto, Ontario
	R. CAMPBELL	Toronto, Ontario
BANKERS	THE TORONTO-DOMINION BANK	Toronto, Ontario
AUDITORS	THORNE, GUNN, HELLIWELL & CHRISTENSON	Toronto, Ontario
TRANSFER AGENT AND REGISTRAR	GUARANTY TRUST COMPANY OF CANADA	Toronto, Ontario
HEAD OFFICE	34 ADELAIDE STREET WEST	Toronto, Ontario

DELMICO MINES LIMITED

34 Adelaide Street West
Toronto 1, Ontario

Directors' Report

To the Shareholders,
DELMICO MINES LIMITED.

Presented herewith are the financial statements of your Company for the year ended December 31, 1971, with Auditors' Report dated January 12, 1972.

Your Company was inactive during 1971 but retains its group of 34 mining claims in the Manitouwadge area of northern Ontario. No new properties were acquired during the year.

On behalf of the Board,

S. A. PERRY,
President.

Toronto, Ontario,
May 15, 1972.

Auditors' Report

To the Shareholders of
Delmico Mines Limited

We have examined the balance sheet of Delmico Mines Limited as at December 31, 1971 and the statements of deferred exploration expenditures, deficit, administrative expenses and source and applications of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
January 12, 1972.

DELMICO MINES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet – December 31, 1971

(with comparative figures at December 31, 1970)

ASSETS

	1971	1970
Current Assets		
Cash	$ 32	$ 316
Demand deposit	4,489	9,620
	4,521	9,936
Investments, at less than cost (quoted market value 1971, $23,850; 1970, $31,500)	54,001	54,001
Mining Claims		
34 Patented claims, Manitouwadge Lake Area, Port Arthur Mining Division, Ontario, acquired for 1,000,000 shares of capital stock	100,000	100,000
Deferred Exploration Expenditures	105,712	104,230
	$ 264,234	$ 268,167

LIABILITIES

Current Liabilities		
Accrued liability	$ 300	$ 300

SHAREHOLDERS' EQUITY

Capital Stock (see note)		
Authorized — 4,000,000 shares without par value (par value $1 each in 1970)		
Issued — 2,850,005 shares	710,005	2,850,005
Less discount thereon		2,140,000
	710,005	710,005
Deficit	446,071	442,138
	263,934	267,867
	$ 264,234	$ 268,167

NOTE

The issue of the certificate of amendment of articles dated June 10, 1971 gave effect, among other things, to the change in the company's authorized capital from shares with a par value of $1 each into shares without par value and transferred the balance of discount to issued capital.

Approved by the Board:

S. A. PERRY, Director.

G. D. PATTISON, Director.

DELMICO MINES LIMITED

Statement of Deferred Exploration Expenditures

Year Ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
Balance deferred at beginning of year	$ 104,230	$ 102,914
Expenditures during year		
Government fees and taxes	1,482	1,316
Balance deferred at end of year	$ 105,712	$ 104,230

Statement of Deficit

Year Ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
Deficit at beginning of year	$ 442,138	$ 439,200
Administrative expenses (net) for the year	3,933	2,938
Deficit at end of year	$ 446,071	$ 442,138

Statement of Administrative Expenses

Year Ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
Administrative fee	$ 2,400	$ 2,400
Audit	300	275
Government fees and taxes	185	60
Legal	150	
Reports to shareholders	1,037	833
Transfer agent's fees and expenses	180	57
Miscellaneous	50	44
	4,302	3,669
Deduct interest earned	369	731
Administrative expenses (net) for the year written off to deficit	$ 3,933	$ 2,938

DELMICO MINES LIMITED

Statement of Source and Application of Funds

Year Ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
Source of funds	Nil	Nil
Application of funds		
Administrative expenses (net)	$ 3,933	$ 2,938
Exploration expenditures	1,482	1,316
	5,415	4,254
Decrease in working capital	5,415	4,254
Working capital at beginning of year	9,636	13,890
Working capital at end of year	$ 4,221	$ 9,636

Printed in Canada

DELMICO MINES LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of DELMICO MINES LIMITED (the "Corporation") will be held at the head office of the Corporation, 34 Adelaide Street West, Toronto, Ontario, on Tuesday, June 6, 1972, at the hour of 12:00 o'clock noon (Toronto time) for the following purposes:

A. To receive and consider the balance sheet of the Corporation as at December 31, 1971, and the statements of deficit, deferred exploration expenditures, administrative expenses and source and application of funds for the year ended December 31, 1971, together with the report of the auditors thereon.

B. To elect directors.

C. To appoint auditors.

D. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

DATED the 15th day of May, 1972.

BY ORDER OF THE BOARD,

D. A. HUMBY,
Secretary.

NOTE:

Shareholders who are unable to be present personally at the meeting are requested to sign and return, in the envelope provided for that purpose, the accompanying form of proxy for use at the meeting.

DELMICO MINES LIMITED

INFORMATION CIRCULAR

MANAGEMENT SOLICITATION

This information circular is furnished in connection with the solicitation of proxies by Management of DELMICO MINES LIMITED (the "Corporation") for use at the annual meeting of the shareholders of the Corporation to be held at the head office of the Corporation, 34 Adelaide Street West, Toronto, Ontario, on Tuesday, June 6, 1971 at 12:00 o'clock noon (Toronto time) for the purposes set out in the foregoing notice of meeting. The cost of solicitation will be borne by the Corporation.

The form of proxy forwarded to shareholders with the notice of meeting confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the notice of meeting or other matters which may properly come before the meeting. The shares represented by proxies in favour of management nominees will be voted at the meeting.

Management knows of no matters to come before the meeting other than the matters referred to in the foregoing notice of meeting. However, if any other matters which are not known to Management should properly come before the meeting, the shares represented by the proxies in favour of Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use.

ELECTION OF DIRECTORS

Each of the persons whose names appear hereunder is proposed to be elected as a director of the Corporation to serve until the next annual meeting of shareholders or until his successor is elected or appointed. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the election of such persons as directors of the Corporation. In the event that any vacancies occur in the slate of such nominees, it is intended that discretionary auhority shall be exercised to vote such proxies for the election of any person or persons nominated by management as directors.

Name and Office Held	Present Principal Occupation	Year First Elected as a Director	Shares of the Company Beneficially Owned Directly or Indirectly as at May 15, 1972
R. D. BELL Director	Vice-President — Finance International Mogul Mines Limited	1958	—
ROBERT CAMPBELL Director	Self-employed prospector	1954	48,463
F. C. KNIGHT —	Mining Engineer Employed by International Mogul Mines Limited	—	—
G. D. PATTISON Director and Vice-President	Vice-President and Secretary International Mogul Mines Limited	1954	—
S. A. PERRY Director and President	Chairman of the Board International Mogul Mines Limited	1954	—

Messrs. R. D. Bell, F. C. Knight, G. D. Pattison and S. A. Perry are also directors and officers of Delhi Pacific Mines Limited.

APPOINTMENT OF AUDITORS

Management proposes to nominate Messrs. Thorne, Gunn, Helliwell & Christenson, the present auditors, as auditors of the Corporation, to hold office until the next annual meeting of shareholders. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the appointment of Messrs. Thorne, Gunn, Helliwell & Christenson as auditors of the Corporation.

REMUNERATION OF MANAGEMENT AND OTHERS

During the financial year ended December 31, 1971, the aggregate direct remuneration paid or payable by the Corporation to the directors and senior officers of the Corporation was nil.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of 4,000,000 shares without par value, of which 2,850,005 are issued and outstanding as fully paid and non-assessable. Holders of outstanding shares of record at the time of the annual meeting of shareholders will be entitled to one vote per share at such meeting.

To the knowledge of the directors and senior officers of the Corporation, Delhi Pacific Mines Limited beneficially owns equity shares of the Corporation carrying more than 10% of the voting rights attached to all equity shares, namely 1,291,885 shares, being 45.3% of the outstanding equity shares of the Corporation.

May 15, 1972.

Printed in Canada

DELMICO MINES LIMITED

NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and general meeting of the shareholders of DELMICO MINES LIMITED (the "Corporation") will be held at the head office of the Corporation, 34 Adelaide Street West, Toronto, Ontario, on Monday, June 7, 1971, at the hour of 12:00 o'clock noon (Toronto time) for the following purposes:

A. To receive and consider the balance sheet of the Corporation as at December 31, 1970, and the statements of deficit, deferred exploration expenditures, administrative expenses and source and application of funds for the year ended December 31, 1970, together with the report of the auditors thereon.

B. To elect directors.

C. To appoint auditors.

D. To consider and, if approved, to confirm (subject to such amendments and/or additions and/or changes, if any, as may be approved at the meeting) By-law No. 8 of the by-laws of the Corporation providing for indemnification of the directors and officers of the Corporation.

A copy of By-law No. 8 is attached hereto and forms part hereof.

E. To consider and, if approved, to confirm with or without variation a resolution passed by the directors of the Corporation authorizing an amendment to the articles of the Corporation:

(a) varying the objects of the Corporation by deleting the objects contained therein and substituting other objects therefor;

(b) deleting the provision contained in the articles which makes the Corporation subject to Part XI of The Companies Act (Ontario);

(c) changing the 4,000,000 shares with a par value of $1 each in the capital of the Corporation issued and unissued, into 4,000,000 issued and unissued shares without par value; and

(d) after giving effect to the foregoing, decreasing the issued capital of the Corporation by the amount of $2,140,000.

A copy of such directors' resolution is attached hereto and forms part hereof.

F. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

DATED the 12th day of May, 1971.

BY ORDER OF THE BOARD,

ROBERT D. BELL,
Secretary-Treasurer.

NOTE:

Shareholders who are unable to be present personally at the meeting are requested to sign and return, in the envelope provided for that purpose, the accompanying form of proxy for use at the meeting.

DELMICO MINES LIMITED

The following is a copy of By-law No. 8 referred to in paragraph D of the foregoing notice.

BY-LAW NO. 8

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of DELMICO MINES LIMITED (the "Company") as follows:

1. Subject to subsection 2 of Section 147 of The Business Corporations Act, 1970 (Ontario), every director and officer of the Company and his heirs, executors, administrators and other legal personal representatives shall from time to time and at all times be indemnified and saved harmless by the Company from and against,

   (a) any liability and all costs, charges and expenses that he sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against him for or in respect of anything done or permitted by him in respect of the execution of the duties of his office; and

   (b) all costs, charges and expenses that he sustains or incurs in respect of the affairs of the Company.

2. This by-law No. 8 will come into force on January 1, 1971.

PASSED the 30th day of December, 1970.

WITNESS the corporate seal of the Company.

"S. A. PERRY" President	C/S	"R. D. BELL" Secretary

DELMICO MINES LIMITED

The following is a copy of the directors' resolution referred to in paragraph E of the foregoing notice.

WHEREAS the authorized capital of the Corporation is divided into Four Million (4,000,000) shares with a par value of One dollar ($1) each;

AND WHEREAS it is considered necessary and expedient in the interest of the Corporation to amend its articles of incorporation as hereinafter provided;

NOW THEREFORE BE IT RESOLVED THAT:

A. The articles of incorporation of the Corporation be amended by:

1. deleting therefrom the clause: "AND IT IS HEREBY ORDAINED AND DECLARED that the said Company shall be subject to the provisions of Part XI of The Companies Act;"

2. varying the provisions of the letters patent incorporating the Corporation by deleting the objects of the Corporation as contained therein and substituting therefor the following:

(a) To carry on (either directly or through subsidiaries) in all its branches the business of mining, milling, exploration and development;

(b) To acquire, own, lease, prospect for, open, explore, develop, work, improve, maintain and manage mining claims, mineral rights, mining properties or any interest therein, mines and mineral lands and deposits, and to dig for, raise, crush, wash, smelt, assay, analyze, reduce, amalgamate, refine, pipe, convey and otherwise treat ores, metals and minerals, whether belonging to the Corporation or not, and to render the same merchantable and to sell or otherwise dispose of the same or any part thereof or interest therein;

(c) To take, acquire and hold as consideration for ores, metals or minerals sold or otherwise disposed of or for goods, supplies or for work done by contract or otherwise, shares, debentures or other securities of or in any other corporation having objects similar, in whole or in part, to those of the Corporation hereby incorporated and to sell and otherwise dispose of the same;

(d) To invest in real property of every kind and description and in shares, bonds, debentures and other securities and other evidences of indebtedness and to invest and lend money without security or on the security of personal property and to accept as security for any obligation, guarantee or amount owing by any person, corporation or association to the Corporation any security and to change, alter or realize upon any investments and to reinvest any moneys which may at any time be available for that purpose; and

(e) To carry on any other trade or business whatsoever which can, in the opinion of the board of directors, be advantageously carried on by the Corporation in connection with or ancillary to any of the above businesses or the general business of the Corporation.

And it is hereby declared that the objects specified in each of the paragraphs shall be regarded as independent objects and accordingly shall in no way be limited or restricted (except where otherwise

expressed in such paragraphs) by reference to or inference from the terms of any other paragraph or the name of the Corporation, but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraphs defines the objects of a separate and distinct corporation.

3. changing the Four Million (4,000,000) shares with a par value of One dollar ($1) each in the capital of the Corporation, issued and unissued, into Four Million (4,000,000) issued and unissued shares without par value;

4. declaring that the authorized capital of the Corporation, after giving effect to the foregoing, will be divided into Four Million (4,000,000) shares without par value; provided that the Four Million (4,000,000) shares without par value shall not be issued for a consideration exceeding in amount or value the sum of Four Million dollars ($4,000,000) or such greater amount as the board of directors of the Corporation may by resolution determine;

5. after giving effect to the foregoing, decreasing the issued capital of the Corporation from $2,850,005 to $710,005 by the elimination of the discount allowed upon the issuance of the shares of the Corporation in the amount of $2,140,000; and

6. declaring that the issued capital of the Corporation, after giving effect to the foregoing, will be $710,005.

B. The directors and/or the proper officers of the Corporation be and they are hereby authorized and directed on behalf of the Corporation to sign and execute and deliver all documents and to do all things necessary or desirable in connection with the foregoing.

DELMICO MINES LIMITED

INFORMATION CIRCULAR

MANAGEMENT SOLICITATION

This information circular is furnished in connection with the solicitation of proxies by Management of DELMICO MINES LIMITED (the "Corporation") for use at the annual and general meeting of the shareholders of the Corporation to be held at the head office of the Corporation, 34 Adelaide Street West, Toronto, Ontario, on Monday, June 7, 1971 at 12:00 o'clock noon (Toronto time) for the purposes set out in the foregoing notice of meeting. The cost of solicitation will be borne by the Corporation.

The form of proxy forwarded to shareholders with the notice of meeting confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the notice of meeting or other matters which may properly come before the meeting. The form of proxy affords the shareholder an opportunity to specify that the shares registered in his name will be voted in favour of or against the following matters:

1. The confirmation of By-law No. 8 of the by-laws of the Corporation relating to the indemnification of the directors and officers of the Corporation.

2. The confirmation of the resolution of the directors authorizing an amendment to the articles of the Corporation (i) varying the objects of the Corporation by deleting the objects contained therein and substituting other objects therefor (ii) deleting the provision which makes the Corporation subject to Part XI of the Companies Act (iii) changing the 4,000,000 issued and unissued shares with a par value of $1 each into 4,000,000 issued and unissued shares without par value and (iv) after giving effect to the foregoing, decreasing the issued capital of the Corporation by the amount of $2,140,000. A copy of the directors' resolution authorizing the amendment to the articles is attached to and forms part of the foregoing notice of meeting.

The shares represented by proxies in favour of Management nominees will be voted at the meeting and, subject to the provisions of Section 121 of The Business Corporations Act, 1970 (Ontario), if a choice is specified in the above mentioned manner in the form of proxy with respect to the confirmation of the matters referred to above, the shares represented by such proxies will be voted in accordance with the specification so made.

In respect of proxies in which the shareholders have failed to specify that the proxy nominees are required to vote for or against one or more of the matters identified in the form of proxy, the shares represented by the proxies in favour of Management nominees will be voted in favour of the confirmation of such matters.

Management knows of no matters to come before the meeting other than the matters referred to in the foregoing notice of meeting. However, if any other matters which are not known to Management should properly come before the meeting, the shares represented by the proxies in favour of Management nominees will be voted on such matters in accordance with the best judgement of the proxy nominee.

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use.

PROPOSED CONFIRMATION OF BY-LAW NO. 8

The annual and general meeting of shareholders has been called for the purpose, among others, of confirming (subject to such amendments and/or additions and/or changes, if any, as may be approved at the meeting) By-law No. 8 of the by-laws of the Corporation relating to the indemnification of directors and officers of the Corporation.

On January 1, 1971, a new statute entitled The Business Corporations Act, 1970 (the "New Act") replaced the former statute governing corporations incorporated in the Province of Ontario, The Corporations Act (the "Old Act"), as it related to the Corporation. Your directors enacted By-law No. 8 of the by-laws of the Corporation respecting the indemnification of directors and officers which conforms with the provisions of the New Act. A copy of By-law No. 8 is attached to and forms part of the foregoing notice of meeting. Your directors recommend that the shareholders of the Corporation vote in favour of the confirmation of such by-law.

PROPOSED AMENDMENT TO THE ARTICLES

Under the Old Act, many mining companies which were stated in their letters patent of incorporation to be subject to Part IV of the Old Act or Part XI of a predecessor statute, were permitted to issue their par value shares at a discount. Your directors consider that it is in accordance with modern corporate practice and in the best interests of the Corporation to change the shares of the Corporation to shares without par value. Accordingly, it is no longer necessary or appropriate that the Corporation remain subject to Part XI. It is therefore proposed to amend the articles of the Corporation by deleting the reference to Part XI and effecting other amendments related to this change, thereby bringing the articles of the Corporation into line with present day practice. Your directors recommend that you vote in favour of the authorization of the amendment to the articles of the Corporation.

REQUIRED ACTION BY SHAREHOLDERS

The requisite vote of shareholders required with respect to the foregoing matters at the annual and general meeting of shareholders is as follows:

(i) By-law No. 8 must be confirmed by a majority of the votes cast; and

(ii) the directors' resolution authorizing the amendment to the articles of the Corporation must be confirmed, with or without variation, by at least two-thirds of the votes cast.

ELECTION OF DIRECTORS

Each of the persons whose names appear hereunder is proposed to be elected as a director of the Corporation to serve until the next annual meeting of shareholders or until his successor is elected or appointed. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the election of such persons as directors of the Corporation. In the event that any vacancies occur in the slate of such nominees, it is intended that discretionary authority shall be exercised to vote such proxies for the election of any other person or persons nominated by management as directors.

Name and Office Held	Present Principal Occupation	Year First Elected as a Director	Shares of the Company Beneficially Owned Directly or Indirectly as at May 12, 1971
R. D. BELL Director and Secretary-Treasurer	Vice-President — Finance International Mogul Mines Limited	1958	—

Name and Office Held	Present Principal Occupation	Year First Elected as a Director	Shares of the Company Beneficially Owned Directly or Indirectly as at May 12, 1971
J. P. BRISBOIS Director and Assistant Treasurer	Treasurer and Controller International Mogul Mines Limited	1968	—
ROBERT CAMPBELL Director	Self-employed prospector	1954	48,463
G. D. PATTISON Director and Vice-President	Vice-President and Secretary International Mogul Mines Limited	1954	—
S. A. PERRY Director and President	Chairman of the Board International Mogul Mines Limited	1954	—

Messrs. R. D. Bell, J. P. Brisbois, G. D. Pattison and S. A. Perry are also directors and officers of Delhi Pacific Mines Limited.

APPOINTMENT OF AUDITORS

Management proposes to nominate Messrs. Thorne, Gunn, Helliwell & Christenson, the present auditors, as auditors of the Corporation, to hold office until the next annual meeting of shareholders. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the appointment of Messrs. Thorne, Gunn, Helliwell & Christenson as auditors of the Corporation.

REMUNERATION OF MANAGEMENT AND OTHERS

During the financial year ended December 31, 1970, the aggregate direct remuneration paid or payable by the Corporation to the directors and senior officers of the Corporation was nil.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of 4,000,000 shares with a par value of $1 each, of which 2,850,005 are issued and outstanding as fully paid and non-assessable. Holders of outstanding shares of record at the time of the annual and general meeting of shareholders will be entitled to one vote per share at such meeting.

To the knowledge of the directors and senior officers of the Corporation, Delhi Pacific Mines Limited beneficially owns equity shares of the Corporation carrying more than 10% of the voting rights attached to all equity shares, namely 1,291,885 shares, being 45.3% of the outstanding equity shares of the Corporation.

May 12, 1971.

Printed in Canada